



MEMORANDUM

APRIL 4, 2003

TO: BOARD OF DIRECTORS

FROM: DAVID MERRITT

RE: WATER PROJECTS ENTERPRISE - WOLFORD MOUNTAIN RESERVOIR OPERATIONS

WOLFORD MOUNTAIN OPERATIONS-YEAR 2003

HYDROLOGIC CONDITIONS

The snowpack conditions have improved significantly in the past two months, and the April 1st forecast now predicts an 87% runoff into Wolford Mountain Reservoir, or 52,000 acre feet. This is almost twice what the forecast was in 2002; however, we have less than 40% of the water in storage that we had in April 2002, so we need all that we can. Wolford Mountain Reservoir is currently at elevation 7441 MSL, 58 feet below full pool, with approximately 16,000 acre feet in storage. Currently, releases are at about 50 cfs, balancing inflow as we still out of priority, even with the Shoshone Call Reduction in place. Depending upon how the mainstem call scenario plays out, we may be able to store 25,000 to 30,000 acre feet this spring, which should get us up to where we were last year. If we stored 30,000 acre feet, 12,000 would go into Denver's pool (which is currently almost empty) and 3,000 acre feet would go into the USFWS pool, with the balance going into the West Slope pool.

Even though the snowpack and projected runoff has improved considerably, we are still expecting yet a third year with a Green Mountain Substitution, only to a much lesser extent this year. The Upper Colorado River and the Upper Blue River are two of the best basins on the West Slope this year, and while it is not likely that Granby, Williams Fork or Dillon will actually fill, they will experience a significant rebound, and Green Mountain Reservoir is now expected to achieve at least a "paper fill". Runoff forecasts for each of those basins are at or above 100%, which is a significant improvement over the past 3 years. Given the formula for distributing how much substitution water

comes out of each reservoir, I expect that Denver will use 5,000 acre feet of their Wolford Mountain water for this year's substitution. Thus, I do not expect as heavy a demand on Wolford Mountain this coming year as last year, when Denver used 20,000 acre feet from their pool.

We are continuing to work with Colorado Springs and Denver in finalizing the Colorado Springs substitution permanent agreement, which will provide 250 acre feet of annual water supply in the Upper Blue River, above Breckenridge. We plan to have an agreement for Board review and approval on April 15th. Given the snowpack runoff, we should be able to commit 500 acre feet of Wolford water to a Colorado Springs Substitution this coming year.

An additional issue which affects Blue River operations, and thus the demand placed upon Wolford Mountain in dry years is the water diverted through the operation of the I-70 Straight Creek Tunnel. Apparently, in the 1970's, Coors was issued a water right on Clear Creek for the "developed water from the Tunnel, and thus this water is treated as "new" water to the East Slope system, and available outside the priority system. However, the water is recognized as originating on the West Slope (from Straight Creek), but Coors is not required to provide augmentation water or curtail this diversion during times when Green Mountain or mainstem Colorado River rights are calling. We have had two meetings with the State Engineer, Coors, Denver and the USBR. Coors and the USBR are supposed to be addressing this issue, as it relates to the trust responsibility through which the USBR operates Green Mountain for the benefit of the West Slope. However, the USBR has been totally distracted this past year in dealing with Green Mountain operational problems, and have still not addressed this issue.

RECREATION AREA MANAGEMENT

Red Mountain RV Park will continue to operate the campground and recreation area this summer, and will also be assuming operation of the boat rental facility

WETLANDS MITIGATION AREAS

We have requested that the Corps of Engineers recognize that the intensive monitoring can be brought to a close. The areas, located both upstream and downstream of the reservoir, are functioning well, and we believe, have fully replaced the lost values that were associated with the impacted areas. The wetlands areas were a particularly green oasis this past dry summer.

OPERATIONS

We will be continuing with the Continuing Services Agreement with Expert Excavation to facilitate the minor grading and associated operations which occur throughout the year. We will be extending the boat ramp in the next few weeks (we never expected to see elevation 7450 this soon), as well as providing electrical hook ups in the Group Use Area. This area has become very popular with large groups who enjoy the large shelters and the ability to not have to be as considerate of their neighbors.

WATER MARKETING

We currently have 63 contracts for Colorado River water supplies either executed or moving through the process, totaling over 3600 acre feet. Approximately 40% of these contracts (in terms of volume) can be served from our Ruedi Reservoir water supplies, and in fact were served this past year. The River District has designated 10,000 acre feet from the West Slope's 36,000 acre foot

pool as available for water marketing on a long term basis. Our “short term” commitment of 5,412.5 acre feet to the Recovery Program is provided from this 10,000 af water marketing pool. However, the drought provisions in our contract with the US Fish and Wildlife Service allow us to “short” that delivery when the reservoir is below 56,000 acre feet on June 1st and the May 1st forecast is for less than 28,000. This will likely be an issue this year again, as even the current forecast of 52,000 acre feet would likely not get us to 50,000 acre feet of storage by June 1st. Other demands on the West Slope Pool include:

- 3,000 acre feet to MPWCD
- 2,200 acre feet for Wetlands Mitigation
- 2,500 acre feet for Evaporation

We anticipate that the demand for Wolford Mountain Reservoir water will remain strong, especially in light of the continuing uncertainty over Green Mountain Contracts. It is also fortuitous that we purchased as much Ruedi Reservoir water as was possible; there is no additional Ruedi Round II water available for contracting from the USBR until the 2012 Interim Agreement is finalized.

POTENTIAL HYDROPOWER STUDY PERMIT

In conjunction with Montgomery-Watson/Harza, Jim Pearce working on the study of the hydropower potential and cost at Ritschard Dam.